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July 27, 2011

SNC-Lavalin Inc.
272 Torbay Road
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Attention: Mr. Normand Bechard

**Subject: Lower Churchill Phase 1 Development
Agreement LC-G-002
Engineering, Procurement and Construction Management (EPCM) Services
2011 Muskrat Falls Geotechnical Field Program**

Scope
C1
Gate 3

Dear Normand:

In response to SLI's recent recommendation to Nalcor for a field geotechnical investigation at the Muskrat Falls site in 2011, Nalcor cannot support that additional field work be undertaken at this time. Nalcor requests SLI consider the addition of geotechnical investigative scopes within the contract packages to be awarded in 2012 to provide commercial certainty for future contracts. Inclusion of such additional work shall be subject to future Nalcor approval.

With respect to the preparation of the Decision Gate 3 estimate package, Nalcor is cognizant of the variability associated with lack of additional field work in 2011 and is committed to work with SLI to ensure sufficient flexibility is maintained in the technical solutions and to ensure the required estimate accuracy is achieved in the work done in 2011.

Sincerely,

Ron Power

Project Manager – Generation / Island Link
RP/sob

cc: Scott O'Brien
Bob Barnes